

STATE OF NEBRASKA

DEFERRED COMPENSATION PLAN

The Deferred Compensation Plan was made available by the Legislature's passage of LB 428 in 1974. The Plan became operative on January 1, 1976.

While the Plan was authorized by the Legislature, it operates solely at the pleasure and with the permission of the Federal Government, specifically the Internal Revenue Service.

The Public Employees' Retirement Board and the Retirement Office have very little latitude regarding the operation of the Plan. The Internal Revenue Service specifies how the Plan must operate and the Retirement Office tailors the administrative procedures to insure compliance. Failure to do so could result in disqualification of the Plan.

The purpose of the Plan is to provide an additional or supplemental retirement plan to all State employees. The contributions made by the employee are tax-sheltered and decreases their current Federal and State tax liability. When payment is made to the employee from the Plan, the payment is subject to ordinary income tax.

To participate the employee must be a permanent State employee (or an independent contractor with the State). The employee may contribute an amount up to the lesser of 25% of gross includible income or \$8,000. Special rules may apply to those employees within three years of retirement. Currently, the minimum contribution rate is \$25 per month.

Employees may enroll at anytime.

Request for information must provide the following:

Name
Agency
Work Address
Home Address
Work Phone
Home Phone

An employee can change the amount contributed any time during the year. An employee may cancel active participation at any time by advising the Retirement Office, in writing, of their wishes.

The Retirement Office must receive a written request from the employee before any action can be taken regarding enrollment/and or change in

contribution amount. The Retirement Office does not handle the actual enrollment/change, this is done by plan carriers who are licensed by the Securities Exchange Commission and the National Association of Securities Dealers.

Agencies/departments are not to start or stop contributions without the authorization of the Retirement Office. The only exception is when an Employee Deduction Authorization is requested for an employee who has retired or terminated.

With the exception of emergency payroll documents, all Employee Deduction Authorizations pertaining to Deferred Compensation (Vendor Code 320) must be approved by the Retirement Office. The Retirement Office will batch and transmit the form(s) to NEIS providing the agency/department with an approved copy after posting to the payroll system is confirmed.

Since not all members of the Deferred Compensation Plan contribute to State Retirement, you will need to advise this office as soon as possible when a member with DCP ceases employment. The member has 90 days from the date of termination/retirement to make an election. If no election is made within 90 days, the account is paid under the automatic election option.